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Timothy Cunningham, Chair
Local Finance Board
NJ Department of Community Affairs
Division of Local Government Services
P. O. Box 803
Trenton, New Jersey 08625-0803

Re: Petition for Rulemaking: Amendment to N.J.A.C. 5:30-17

Dear Chairman Cunningham:

My name is Anthony Cancro and I am the Township Administrator of Springfield Township in Union County. This letter is a petition to the Local Finance Board (Board), is submitted pursuant to N.J.A.C. 5:2-2.2, and is asking the Board to amend its rules at N.J.A.C. 5:30-17 (Third Party Payment Systems) to include the use of "Energy Tracking and Bill Management Systems" as a permitted third party payment service available to local units. The authority for this action is granted to the Board under N.J.S.A. 52:27D-20.1. This authority has been previously exercised by the Board for third party payroll services.

Energy Tracking and Bill Management Systems vendors provide energy bill auditing, bill consolidation and bill payment to the private and public sector. They audit utility accounts to ensure the proper account type and appropriate tariffs are being applied, facilitates monthly tracking of consumption and usage and upon approval and transfer of funds by the client (local unit), pays the utility bills on behalf of the client. We are making this request as the service can provide significant value to local units as it simplifies local unit billing and payment processing, easing the burden on handling what can be dozens of monthly vouchers and check processing.

Of significant relevance to this petition is that the State Division of Purchase and Property has awarded a contract for this purpose for use by state government, and specifically authorized its use by local units as a cooperative contract (the RFP for the service included examples of local units that would use the service). State Contract T-2605 is currently used (and has been used for several years) not only by the State but by a number of local units (the specific use of local units was part of the DPP's RFP document).

Regrettably however, our research in considering using the service indicates (and also confirmed by advice from Division of Local Government Services staff and our auditor) that there is no authorization for these payments to be made electronically through a third party. It seems that this service has been "under the radar" until recently and we feel has been incorrectly assumed to be allowed under state law.



This issue is similar to one that faced local units almost 15 years ago (www.nj.gov/dca/divisions/dlgs/resources/financial_admin.html#20), when local units began using third parties to make payroll agency payments. Once the practice started (and became commonplace) it was discovered that the practice lacked statutory authority. In response and in recognition that the services were valuable and essential, N.J.S.A. 52:27D-20.1 was enacted in 2000 and granted the Board authority to adopt rules under which third parties would be authorized to make payments using third-party services. In 2003, the Board authorized third party payroll related services at N.J.A.C. 5:30-17 (see www.nj.gov/dca/divisions/dlgs/lfn/03/cfo-2003-15.pdf). The regulation created the necessary authority and control environment for these services. It has been very successful and has been effectively institutionalized today.

We are asking that these provisions be appropriately amended to include Energy Tracking and Bill Management Services as a use for third party payment services. This petition is asking the Board to expand the authorization to include utility bill, specifically for energy (electricity, heating fuel, natural gas), cogeneration (chilled water and steam) and water supply and wastewater service payments under the same controls and authority used for payroll services.

I would also note that the use of such energy tracking and payment systems system is an action under which the Sustainable Jersey program allows municipalities to become certified as a sustainable community. It is through Sustainable Jersey that municipalities have become aware of the service.

Alternatively, if the Division concludes that regulations are not required for this service, please provide us the appropriate authoritative guidance.

We look forward to the Board's consideration of this petition. This petition is submitted on behalf of the Township and we have no interest in this activity other than providing a more efficient way of providing services to our residents and taxpayers and meeting the goals of the Sustainable Jersey program.

Please do not hesitate to contact me if you have any questions concerning this.

Sincerely,



Anthony Cancro
Township Administrator

c: Patricia McNamara, Executive Secretary, Local Finance Board
Donna Drewes, Sustainable Jersey
Christine Zapicchi, Assistant Director, Division of Local Government Services
Marc Pfeiffer, Bloustein Local Government Research Center